

Minneapolis Community Development Agency

Request for City Council Action

Date: April 8, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by John Harrington, Project Coordinator 612-673-5018

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Environmental Remediation Grants Authorization for Spring 2003

Previous Directives: The MCDA Board of Commissioners has previously approved actions on 1256 Penn Avenue North; Heritage Park; SEMI Phase VII; 2201 Plymouth Avenue North; the Homewoods Apartments and the Milwaukee Road Depot of which Parcel D (West) is a part.

The City Council previously authorized application to the Hennepin County Environmental Response Fund to conduct environmental investigations for 1822 Park, Cecil Newman, Children's Environmental Health sites and Queen Campus. On July 25, 2002, a Contract for Parking Ramp Development was entered into between Walker Art Center and City, Sec. 3.6 provides: As soon as practical, the City will, in consultation with the WAC, make or assist the WAC in making applications to other public agencies requesting grants or loans for environmental remediation of the Development Property, including but not limited to asbestos abatement for buildings located on the Development Property.

The Despatch Laundry site is enrolled in the City of Minneapolis/MCDA U.S. Environmental Protection Agency Pilot Assessment Grant Program.

There are no previous directives for 1620 Central Ave. NE; 2101 Washington St. NE; or 2309 Plymouth Ave. N.

Wards: 1, 2, 3, 5, 6, 7

Neighborhood Group Notification: The SEED Committee was told at its September 18, 2002 meeting that an application would be made for funds to clean up the SEMI Phase VII site. The Whittier Alliance has approved the Despatch Laundry project. Northside Residents Redevelopment Council (NRRC) has held several community meetings and sought neighborhood review and support for the 2201 Plymouth Ave. N. project from the Residential and Commercial Taskforce on March 10, 2003. For 1256 Penn Ave. N. NRRC, the neighborhood association, is the applicant. For 1620 Central Ave. NE, the Logan Park neighborhood was notified of the pending application in March, 2003. Lowry Hill Residents,

Inc. approved the Walker Expansion Project, including the Garage; in addition the Walker Art Center convened a group consisting of representatives of four adjacent neighborhoods, which also endorsed the project. There have been regular meetings with the Harrison Neighborhood Association about the Queen Campus project, and the neighborhood has been notified that funds will be sought. NRRC considered the Cecil Newman application in March, 2003. NRRC was notified of the Homewoods Apartment application in late February 2003. Ventura Village was notified that funds will be sought for the investigation of asbestos and lead at 1822 Park Avenue. The MCDA and Holland Neighborhood Improvement Association entered into a Memorandum of Understanding on March 22, 2002 regarding 2101 Washington St. N. NRRC is the neighborhood association and the applicant for 2309 Plymouth Ave. N. The Industry Square Project Committee at its meeting on March 12, 2003 took action supporting the submission of a pollution grant application for the Phase 3 area of Parcel D (West). The Heritage Park Phases 3 and 4 and Children's Environmental Health applications have not been specifically referred to neighborhood organizations.

Consistency with *Building a City That Works*: Heritage Park, Despatch Laundry, 2201 Plymouth Avenue N., 1256 Penn Ave., Queen Campus, Cecil Newman, The Homewood Apartments, 1622 Park, 2101 Washington St. NE, 2309 Plymouth Ave. N., Children's Environmental Health and Parcel D West are consistent with Goal 2: Ensure that an array of housing choices exist to meet the needs of our current residents and attract new residents to the city, Strategy 2: Increase the development of affordable housing in neighborhoods with stronger markets, and Goal 3: Support strong and diverse neighborhoods where people choose to live. SEMI, Phase VII and 1620 Central Ave. NE are consistent with Goal 1: Increase the city's economic competitiveness and extend the benefits of the growing economy to all Minneapolis residents, Strategy 1: Provide clean, buildable land parcels to meet the needs of business expansion and relocation within the city. The Walker Parking Ramp is consistent with Goal 1: Increase the city's economic competitiveness and extend the benefits of the growing economy to all Minneapolis residents. Objective B. Attract and expand new and existing services, infrastructure, developments and employers that position Minneapolis and the region to compete in the economy of the 21st century.

Comprehensive Plan Compliance: Complies with land reclamation and providing a healthy environment elements of the Minneapolis Plan.

Zoning Code Compliance: The proposed projects either are in compliance or will comply with the Minneapolis Zoning Code.

Impact on MCDA Budget: (Check those that apply)

- ☐ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain):

There is no direct financial impact at this time. However, some of the grant requests do require a commitment of local match funds. The Minneapolis Community Development Agency is sponsoring these grant requests, acting in some cases as a pass-through and conduit for environmental investigations and cleanup. The following listing is in priority order based on affordable housing impacts and input from the Brownfield Review Committee.

Metropolitan Tax Base Revitalization Account Contamination Cleanup Grant Requests In Priority Order

Project	Grant Request
Parcel D (West) – Phase 3	\$ 400,000
Heritage Park	\$ 229,350
SEMI Phase VII	\$ 125,000
Despatch Laundry	\$ 502,000
2201 Plymouth Ave. N.	\$ 43,750
Total Metropolitan Council:	\$1,300,100

MN Department of Trade and Economic Development Contamination Cleanup Grant Requests In Priority Order

Project	Grant Request
Heritage Park	\$ 646,250
SEMI Phase VII	\$ 750,000
Despatch Laundry	\$1,082,000
2201 Plymouth Ave. N.	\$ 262,500
1256 Penn Ave. N.	\$ 37,500
1620 Central Ave. N.E.	\$ 30,000
Walker Parking Ramp	\$ 937,500
Total MN DTED	\$3,745,750

Heritage Park will require a local match from existing City of Minneapolis bond funds of \$119,400. SEMI Phase VII will require a local match of \$125,000 from MILES. Despatch Laundry will receive its local match from Hennepin County Taxpayer Services. 2201 Plymouth Ave. N. will receive its local match from NRRC. 1256 Penn Ave. N. will receive its local match from NRRC. 1620 Central Ave. N.E. will receive its \$10,000 local match from Commercial Corridor funds.

Hennepin County Environmental Response Fund Grant Requests in Priority Order	
Project	Grant Request
Heritage Park	\$150,000
Despatch Laundry	\$108,000
Queen Campus	\$150,000
Cecil Newman	\$ 20,000
The Homewood Apartments	\$ 20,000
1822 Park	\$ 50,000
2101 Washington St. NE	\$ 50,000
2309 Plymouth Ave. N.	\$ 60,000
Children's Environmental Health	\$100,000
Total Hennepin County ERF	\$708,000

Living Wage / Business Subsidy: Environmental assistance is exempt from Living Wage/Business Subsidy.

Job Linkage: Generally exempt, may be case by case exceptions.

Affirmative Action Compliance: Will comply.

RECOMMENDATION:

CITY COUNCIL RECOMMENDATION: The Deputy Executive Director recommends that the City Council

1. Apply to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account Grant Program for Parcel D (West) – Phase 3; Heritage Park Phases 3 and 4; SEMI Phase VII; Despatch Laundry; and 2201 Plymouth Avenue N.; and,
2. Apply to the Minnesota Department of Trade and Economic Development Contamination Cleanup Grant Program for environmental remediation at Heritage Park; SEMI Phase VII; Despatch Laundry; 2201 Plymouth Ave. N.; 1256 Penn Ave. N.; 1620 Central Ave. NE; and Walker Parking Ramp; and,
3. Apply to the Hennepin County Environmental Response Fund for Heritage Park; Despatch Laundry; Queen Campus; Cecil Newman; The Homewood Apartments; 1822 Park; 2101 Washington St. NE; 2309 Plymouth Ave. N.; and Children's Environmental Health; and,
4. Forward this report to the MCDA Board of Commissioners.

MCDA Board Recommendation: The Deputy Executive Director recommends that the MCDA Board approve the attached resolutions authorizing the Executive Director or other appropriate staff to execute agreements to implement the Metropolitan Council Livable Communities Tax Base Revitalization Account Grant Program, Minnesota Department of Trade and Economic Development Contamination Clean Up and Investigation Grant Program, and Hennepin County Environmental Response Fund. Summary publication of the resolutions is recommended.

Background/Supporting Information

INTRODUCTION:

Enacted by the legislature in 1995, the Metropolitan Livable Communities Act designated the Metropolitan Council as the administrator of the Tax Base Revitalization Program. This program makes grants to clean up contaminated land for subsequent redevelopment, job retention, and job growth in areas that have lost some of their commercial/industrial base. Applications to this program are due May 1st, 2003. No local match is required. The City of Minneapolis geographic area is restricted to receiving no more than \$1,300,000.

The Minnesota Contamination Cleanup Grant Program was established in 1993 to clean up contaminated sites and convert contaminated property into a marketable asset. The Department of Trade and Economic Development is the administering state agency. Applications are due May 1st, 2003 and a local match equal to twenty-five percent of the project costs is required, of which twelve percent of the clean-up costs must come from non-tax increment local funds. There is no financial limit for the City of Minneapolis geographic area. However, there is a maximum of \$3 million available statewide for the Spring 2003 round and all projects must qualify for petroleum-contaminated remediation.

Hennepin County has been collecting mortgage registry and deed tax for deposit into an Environmental Response Fund (ERF). The ERF is used for the assessment and clean up of contaminated sites located within Hennepin County, with emphasis on affordable housing projects. Applications are due May 1, 2003.

In Autumn, 2002 the MCDA received 6 grant awards totaling \$915,511 from the Metropolitan Council, 2 grants totaling \$635,405 from the State of Minnesota and 6 grants totaling \$268,000 from Hennepin County for contamination cleanup. Since 1994 the MCDA has been awarded \$15,409,883 from the Metropolitan Council, \$14,569,734 from the State of Minnesota, and \$1,220,890 from Hennepin County for contamination cleanup. Projects may be eligible for and apply to more than one grant source.

For the Spring 2003 Contamination Grant round the MCDA has been requested to sponsor 15 projects with contamination cleanup needs totaling \$6,485,000. These projects would have the MCDA submitting 7 applications totaling \$3,745,750 to MnDTEd, 5 applications totaling \$1,300,100 to the Metropolitan Council and up to 9 applications totaling \$708,000 to Hennepin County.

Proposed Projects:

This section of the report presents **projects in alphabetical order**, since their ranking for each funding source is not identical.

1256 Penn Avenue North (Ward 5, DTED \$37,500, local match of \$12,500 from NRRC) has been owned by the MCDA on two separate occasions (1972 and 1992). The site is a vacant lot of approximately 45,525 square feet. It was previously occupied by two gas stations, which were razed in 1972 by the MCDA. The site was sold to and redeveloped by

McDonald's Restaurant in 1976. In 1992, the site was resold back to the MCDA and cleared and is now vacant land. The MPCA has completed initial testing and found petroleum contamination, further testing is needed for a Phase II, Feasibility Study and preparation of a Development Response Action Plan.

NRRC plans to redevelop the site with a mixed use development that will include commercial/retail on the main level, underground parking and two stories of senior for-sale cooperative housing consisting of two to three bedroom units with two baths.

1620 Central Avenue NE Redevelopment. (Ward 1, DTED for \$30,000, local match of \$10,000 from Commercial Corridors) The grant is needed to update a Phase I and II site assessment and complete a RAP for an area at the back of the property planned to be improved for parking. The former railroad property was recently purchased by the owner of 1620 Central and will have to be environmentally remediated prior to installation of parking lot improvements. The 250,000 square foot building is used as a business incubator and arts building. Ninety thousand square feet is vacant. The owner intends to continue seeking emerging businesses (including arts and theater related uses) to lease this remaining space. The parking is needed to make the leasing of this additional space viable. Assistance to create the parking is needed in order to allow the owner to continue building improvements and continue lease rates that are affordable to emerging businesses and arts oriented endeavors. The area currently is used informally for parking of approx. 60 cars. The planned improvements will increase the capacity of the area to approx. 110 cars. Lighting and other amenities will be installed to make the lot more visible and user friendly.

1822 Park Avenue (Ward 6, Hennepin County for \$50,000, no local match required) This project, built in 1916, is a 3-story walk-up apartment building on the northern edge of Minneapolis' Phillips Community. The Central Community Housing Trust's plan for renovation to the property includes the reconfiguration of the apartment units to preserve and renovate 13 units of affordable rental housing at 1822 Park. The unit makeup is proposed to be: one 1-bedroom apartment, six 2-bedroom apartments, and six 3-bedroom apartments. To date support from the Minneapolis Community Development Agency includes a commitment of up to \$499,500 (multiple sources) for the redevelopment of 1822 Park.

Funds are needed to abate asbestos and lead-based paint. The cost has been estimated at \$50,000. The lead has already been identified with a Lead Survey. Much of the lead-based paint had been abated through participation in the Minneapolis Health Department's 10,000 Windows program. The project has been awarded funds from Hennepin County to conduct an asbestos survey, which should be completed by March. Abatement is scheduled to begin in the late Spring/early summer of 2003. Funding was requested in the Fall 2002 round from DTED, and was not received. It is believed that Hennepin County would be a more appropriate match for this project.

2101 Washington Street NE (Ward 3, Hennepin County for \$50,000, no local match required) was purchased by St. John's Evangelical Lutheran Church in 1991 for a future

school on this 1.7-acre vacant lot. In October, 2000 the Church decided to sell the parcel and abandoned their plans to build. The adjacent property owner, Neek Construction expressed an interest in acquiring the property to expand their existing storage space and requested the owner re-zone the property from R2B to industrial/commercial zoning. The Holland neighborhood group opposed the re-zoning application and began working with the Church to acquire the site for senior housing complex with surrounding green space.

An environmental Phase I conducted by Northern Environmental for Neek Construction indicated potential pollution problems. Holland neighborhood agreed to expend another \$15,000 for an environmental Phase II. The Phase II report, completed by DPRA was unable to determine the extent of the pollution. However, multiple problems were discovered. The geotechnical soils are peat indicating the site was originally a swamp. The site was later filled with a manufacturing waste material and other undesirable materials. St. John's Evangelical Lutheran Church has contacted the MPCA, requesting a no association letter and has requested assistance through the VIC program. The full extent of the pollution is still unknown. The MCDA on behalf of the owner is applying for \$50,000 to complete additional environmental testing.

2201 Plymouth Avenue North (Ward 5, DTED \$262,500; \$43,750 from Metro Council, \$43,750 from NRRC) is currently owned by the MCDA, which will take the lead in any remediation activity undertaken. This site is currently paved with a surface parking lot on the 10,004 square foot area. The site was previously occupied by a gas station, which was acquired and razed by the MCDA in 1979. The following testing and remediation action plans have been conducted and approved:

- Phase I Environmental Site Assessment dated December 17, 2001;
- Focused Phase II Environmental Site Assessment dated February 21, 2002;
- Development Voluntary Response Action Plan and Construction Contingency Plan dated May 3, 2002 prepared by Braun-Intertec; and
- MPCA reviewed and approved the Voluntary Response Actions for Petroleum Contamination on May 21, 2002.

NRRC plans to redevelop this site for a mixed-use development that will include:

- Construction of up to 3,000 square feet of commercial/retail space in both levels of the development;
- 12 townhouse units with 2 and 3 bedroom units with 1300-1500 square feet, and tuck-under two stall garages.

NRRC has held several community meetings and sought neighborhood review and support from the Residential and Commercial Taskforce on March 10, 2003. NRRC acquired the adjoining sites to the west (2309 Plymouth and 1254 Russell) in late 2002.

2309 Plymouth Avenue North (Ward 5, Hennepin County \$60,000, no local match required) is owned by Northside Residents Redevelopment Council. A vacant church is currently located on the site that NRRC plans to renovate for reuse as loft condominiums with four for-sale units of approximately 1000 square feet with attached 4 stall garage. Funding is requested for asbestos abatement.

Cecil Newman Plaza (Ward 5, Hennepin County for \$20,000, no local match required) is a 64-unit development in north Minneapolis at 703 Emerson Avenue North comprised of nine separate buildings located directly across from Heritage Park. Built in the 1960's the property receives Federal Housing Assistance Payments through a project-based contract with HUD. As a development receiving project-based assistance, Cecil is required to perform a risk assessment for the presence of lead-based paint at the property. In addition to this HUD-mandated assessment, the owner needs to determine the extent of any asbestos products at the site, in order to incorporate any necessary abatement costs into an anticipated major rehabilitation of the development.

The environmental testing that was done in 2002 at the property was limited in scope, and did not meet the requirements for a full-scale risk assessment for lead. While the samples tested did not produce evidence of wide-spread lead or asbestos, given forty years of different finishes that have been applied to walls, floors, and ceilings, as well as the joints in the sheet-rock, there is a perceived need to determine the extent of the presence of lead and asbestos before any renovation begins. Funds are requested so that the owner can assess these risks more completely to adequately budget for and address any health or safety issues during the renovation.

Children's Environmental Health (Ward 3, Hennepin County for \$100,000, no local match required) will select one block (the city block between 25th and 26th Avenue North, bounded by 3rd and 4th Streets) for treatment. The project is designed to remediate lead hazards on an area-wide basis as opposed to dwelling-by-dwelling hazard reduction. The dwelling-by-dwelling approach is based upon state-mandated requirements that the City respond to elevated blood lead levels in children at their residence. Using GIS mapping techniques, staff have identified specific blocks within the city that indicate high risk for children based upon: 1) Numbers of elevated blood lead levels in children, 2) Soil lead levels and 3) Housing conditions. The goal of this project is to reduce exterior hazards on houses and reduce or eliminate solid lead hazards. Grant funds will be supported with state or federal grant funds where available, through loans made available at low or no cost through the Center for Energy and the Environment, and through other available resources.

About 20-22 buildings per block are anticipated to be identified; in some areas 5 or more have already been treated, allowing funds to be concentrated at fewer sites. Soil will be remediated by dilution, covering, sodding or other landscaping methods. Exteriors will be treated by selected scraping and painting, encapsulating, covering or other appropriate methods. Education of all residents will be conducted to insure maintenance of areas involved in lead reduction.

Despatch Laundry/Whiteway Cleaners (Ward 6, DTED for \$1,082,000, Metro Council for \$502,000, Hennepin County ERF \$108,000 and local match from Hennepin County Tax Payer Services \$108,000)

Former Use: Dry-cleaning facility, gas station

Existing Use: Gravel parking lot

Proposed Use: Mixed commercial and owner-occupied residential [approved by Whittier neighborhood; developer (Allen Chazin and Ed Bell) selected]

Contamination: Soil and ground water are heavily contaminated with dry-cleaning solvent (primarily perchloroethylene) and to a lesser extent, petroleum-related compounds. A ground water contamination plume extends a significant distance off-site. Low concentrations of dry cleaning-related compounds have been identified in several adjacent building basements.

A Remedial Investigation of the site conducted by Nova in 1988 included an underground storage tank (UST) inventory. In addition to the six dry cleaning-related USTs, Nova identified a 12,000-gallon fuel oil UST beneath the boiler room floor and a 550-gallon gasoline UST in the northeastern portion of the property near the East 26th Street and Stevens Avenue intersection. The gasoline tank was associated with a service station that formerly occupied the northeastern corner of the Despatch Laundry property. The service station operated on-site in the 1930s and the 1940s. Fire insurance maps depict the past presence of additional gasoline tanks in the northeastern and southeastern portions of the property. However, these additional tanks either were removed prior to the 1988 inventory or were converted to use for dry cleaning solvent storage.

The fuel oil and gasoline USTs were removed by Nova in 1993. Indications of petroleum contamination were identified in both tank basins and the releases were reported to the State Duty Officer. Leak number 6806 was assigned to the site. A subsurface investigation completed by Nova identified petroleum-related volatile organic compounds (VOCs) and diesel-range organic (DRO) compounds co-mingled with dry-cleaning solvent compounds in the soil in the vicinity of the fuel oil tank as well as in the soil in the vicinity of the former dry cleaning solvent tanks.

Subsequent subsurface investigation by Braun Intertec and Peer have identified petroleum-related VOCs, DRO and gasoline-range organic (GRO) compounds mixed with dry cleaning-related compounds in soil at various locations and depths at the property. These investigations also have identified DRO and GRO in the contaminated groundwater at the site. The soil vapor extraction remediation system proposed for the site should reduce both dry cleaning solvent and petroleum-related soil contamination at the property. However, intermixed petroleum and dry cleaning solvent contaminated soil likely will be encountered during site redevelopment excavation activities at the property. This soil will need to be hauled off-site to a landfill and replaced with clean fill.

Background: The site is tax-forfeited property that formerly was the location of a large dry-cleaning facility with a long history of hazardous waste management violations. Efforts to identify financially-viable responsible parties have failed. Investigation of the site has been conducted by Hennepin County, MCDA (funded by the EPA assessment grant) and MPCA Superfund. Hennepin County Taxpayer Services has spent \$100,000 to \$125,000 to-date for site investigation and property management activities. Most recently, the MPCA Superfund Division has completed its remedial investigation of the property and has completed a feasibility study that identified soil vapor extraction as the most cost effective means of cleaning the soil at the site. The MPCA set aside \$300,000 for the completion of a pilot SVE test and installation of the SVE system for fiscal year 2003. Pilot tests of a soil-vapor extraction system recently were conducted by the MPCA. However, MPCA Superfund money budgeted for the site to fund installation of a soil-vapor extraction system has been frozen. MPCA Superfund staff have indicated that the site is unlikely to receive significant additional funding in next year's budget.

Over the past two years, Hennepin County and MCDA staff have assisted the Whittier Neighborhood in developing a consensus regarding the reuse of the site and in selecting a site developer/development plan. The development team selected, Alan Chazin and Ed Bell, propose construction of a slab on grade, mixed commercial and residential development. The development would house 4,500 square feet of commercial space, 15 for-sale residential units and surface parking (below grade parking greatly increases the cost of development due to contaminated soil costs). Three of the residential units (20%) would be considered affordable. The for-sale housing component (vs. rental) and the lack of public subsidy (apart from environmental costs) required by the Chazin and Bell development plan were major reasons for the selection of this development plan.

In an effort to maintain the existing neighborhood momentum toward site redevelopment, Hennepin County is proposing to take over cleanup of the site, designing and installing the soil-vapor extraction system in such a manner so that it can be incorporated with the planned redevelopment.

In order to fund the cleanup of the property, Hennepin County would apply for funding from the Department of Trade and Economic Development, the Metropolitan Council and Hennepin County (the ERF and/or the Contaminated Lands Escrow Account). In order to be eligible for consideration for these grants, Hennepin County contracted with Bay West (the MPCA's consultant at the site) to prepare a Response Action Plan for MPCA review and approval. Consulting-related costs incurred up to approximately 6 months prior to the DTED and Met Council grant awards are eligible for reimbursement by these programs. Additional funding will be required to pay for environmental monitoring costs during construction, vapor mitigation design features (vapor barrier and active vent piping beneath the buildings) and contaminated soil management during the construction of the slab on grade buildings. In addition, costs will be incurred due to the operation and maintenance of the soil vapor extraction system into the future after the site is redeveloped.

In exchange for completing the soil cleanup at the site, Hennepin County would seek an agreement with the MPCA to delist the soil contamination at the site from the State Superfund list (the contaminated ground water plume presumably would remain on the Superfund list). Delisting of the soil contamination is considered crucial in order for the developer and future home buyers to obtain financing.

The **Heritage Park** (Ward 5, DTED for \$646,250, Metro Council for \$229,350, Hennepin County for \$150,000, local match of \$119,400 to be provided from City of Minneapolis bond funding) Redevelopment Project is a major renewal of a blighted, under-served area in what was once one of Minneapolis' poorest neighborhoods. Heritage Park is a complex, \$200+ million initiative that is redeveloping four former public housing developments into a vibrant community. The redevelopment goal is to create a mixed-use, mixed-income, high-amenity community on the near north side of Minneapolis. Heritage Park will contain 900 new units of mixed-density housing to accommodate a variety of income levels - with special emphasis on those families and individuals making less than 80% of the adjusted median income level. These new homes will be an economic catalyst for new commercial, retail and housing development in the adjacent Harrison & Willard-Hay neighborhoods and to greater Minneapolis. Not only will Heritage Park bring new housing units, the development will also include parkland amenities, transportation links, brownfield remediation and major infrastructure changes. The Heritage Park development is applying to Hennepin County, MnDTED and Metropolitan Council for assistance in paying for environmental assessment and remediation efforts. These grant funds will permit the project's Phase 3 & 4 infrastructure and site preparation activities to occur. The project will use existing City of Minneapolis bond funds to pay for any local match obligations.

The **Parcel D (West) - Phase 3** (Ward 2, Metro Council for \$400,000, no local match required) grant is requested to excavate and dispose of soil contaminated with fuel oil residue and heavy metals left by the railroad on this property. The cost to correct this condition is estimated to be \$400,000. The development of the Phase 3 portion of Parcel D - West will include 28 live/work units that will enable the residents to work in and adjacent to their home. The City will benefit from the new housing produced and from the new or relocated businesses served. Brighton Development Corporation has requested MCDA sponsorship of this application and has executed a redevelopment contract with the MCDA covering the redevelopment of Parcel D.

Queen Campus (aka Ripley Gardens) – 300 Queen Avenue North (Ward 7, Hennepin County for \$150,000, no local match required) also referred to as the Queen Care Center, formerly known as the Ripley Maternity Hospital, was built in 1915. The campus contains 3 buildings – all of which are on the National Register of Historic Places. Central Community Housing Trust plans to redevelop the site. The proposed redevelopment, Ripley Gardens, combines the rehabilitation of existing historic buildings on the site and new construction into a variety of housing types. Ripley Gardens will be a mixed-use, mixed-income development containing 52 rental units and 8 for sale townhouse units for households at very low, low, moderate and median income levels. The concept also includes the

incorporation of approximately 1600 square feet that may be used as a coffee house, market, or other neighborhood scale commercial space.

Both Phase I and Phase II studies have been conducted on this site. CCHT recently received funding from Hennepin County to remove the two underground storage tanks on the site, and the site has now been closed by the MPCA. However, there is significant asbestos and lead-based paint in the existing buildings. CCHT will be gearing up for this hazardous materials remediation work in late spring/summer 2003.

The Homewood Apartments (Ward 5, Hennepin County for \$20,000, no local match required) consists of two 18-unit buildings (Sheridan-Homewood and Thomas-Homewood) located on Plymouth Avenue in north Minneapolis.

The properties are in need of major rehabilitation, anticipated to be more than \$25,000 per unit in hard costs. Given the level of anticipated re-hab, and the likely use of Federal funds to accomplish the work, the owner expects to be subject to a full risk assessment for lead at the property. In addition to this HUD-mandated assessment, the owner needs to determine the extent of any asbestos products at the site, in order to incorporate any necessary abatement costs in an anticipated major rehabilitation of the development.

The environmental testing that was done in 2002 at the property was limited in scope, and did not meet the requirements for a full-scale risk assessment for lead. While the samples tested did not produce evidence of wide-spread lead or asbestos, given forty years of different finishes that have been applied to walls, floors, and ceilings, as well as the joints in the sheet-rock, we believe there is a need to determine the extent of the presence of lead and asbestos before any renovation begins. Funds are requested to assess these risks more completely in order to adequately budget for and address any health or safety issues during the renovation.

South East Minneapolis Phase VII (Ward 2, DTED for \$750,000, Metropolitan Council for \$125,000, local match of \$125,000 to be provided from MILES) is seeking grants to remediate pollution (primarily PAH's and DRO's) on three properties in Phase VII of the SEMI Redevelopment Project. Remediation will be for construction of a stormwater management pond serving much of the 300 acre SEMI project and for pollution clean up associated with construction of 300,000 square feet of buildings for Phase 1 of the Minnesota Innovation Center (MIC). Initial estimate is that pollution clean up will cost approximately \$1,000,000.

Walker Art Center Garage, (Ward 7, DTED for \$937,500, local match of \$312,500 from City bonds) is being developed as an underground 665 car garage owned by the City of Minneapolis (total construction cost of \$25 million). The Walker expansion project, total investment of \$100 million, is expected to result in 114 to 126 new jobs in the Walker plus the jobs created in the parking garage.

Pollution from several leaking underground fuel tanks at the Allianz site is much more extensive than anticipated. The initial cleanup budget was \$50,000. No funds in either the public or private budget were programmed for this cost. Braun Engineering projects the total remediation cost at \$1.25 million. The much greater than expected cleanup cost is due to the unique site soil and groundwater situation and the severe downward slope of the Allianz site toward the north. Thus the contamination has moved farther and is at the level of the occupied basements of the Walker and Guthrie facilities.

The Walker has applied to the Petrofund and now proposes to apply, through the City Public Works Department, to the DTED Contamination Cleanup Fund for the balance of funds necessary for contamination cleanup. It is anticipated some funds may be obtained from Petrofund, and the Pollution Control Agency is now considering this matter. If no monies were approved from the Petrofund, the local match would be \$312,500. No determination has been made at this time regarding seeking remediation funding from prior property owners.

Contamination Cleanup Grant Requests:

These projects are consistent with City of Minneapolis and MCDA Goals and request funding in the following amounts:

Metropolitan Tax Base Revitalization Account Contamination Cleanup Grant Requests

Project	Grant Request
Parcel D (West) – Phase 3	\$ 400,000
Heritage Park	\$ 229,350
SEMI Phase VII	\$ 125,000
Despatch Laundry	\$ 502,000
2201 Plymouth Ave. N.	\$ 43,750
Total Metropolitan Council:	\$1,300,100

MN Department of Trade and Economic Development Contamination Cleanup Grant Requests

Project	Grant Request
Heritage Park	\$ 646,250
SEMI Phase VII	\$ 750,000
Despatch Laundry	\$1,082,000
2201 Plymouth Ave. N.	\$ 262,500
1256 Penn Ave. N.	\$ 37,500
1620 Central Ave. N.E.	\$ 30,000
Walker Parking Ramp	\$ 937,500
Total MN DTED	\$3,745,750 Error! Not a valid link.

Heritage Park will require a local match from existing City of Minneapolis bond funds of \$119,400. SEMI Phase VII will require a local match of \$125,000 from MILES. Despatch Laundry will receive its local match from Hennepin County Taxpayer Services. 2201 Plymouth Ave. N. will receive its local match from NRRC. 1256 Penn Ave. N. will receive its local match from NRRC. 1620 Central Ave. N.E. will receive its \$10,000 local match from Commercial Corridor funds.

Hennepin County Environmental Response Fund Grant Requests

Project	Grant Request
Heritage Park	\$150,000
Despatch Laundry	\$108,000
Queen Campus	\$150,000
Cecil Newman	\$ 20,000
The Homewood Apartments	\$ 20,000
1822 Park	\$ 50,000
2101 Washington St. NE	\$ 50,000
2309 Plymouth Ave. N.	\$ 60,000
Children's Environmental Health	\$100,000
Total Hennepin County ERF	\$708,000

RECOMMENDATION: The Deputy Executive Director recommends that the City Council:

1. Apply to the Metropolitan Council Metropolitan Livable Communities Fund Tax Base Revitalization Account Grant Program for Parcel D (West) – Phase 3; Heritage Park Phases 3 and 4; SEMI Phase VII; Despatch Laundry; and 2201 Plymouth Avenue N.; and,
2. Apply to the Minnesota Department of Trade and Economic Development Contamination Cleanup Grant Program for environmental remediation at Heritage Park; SEMI Phase VII; Despatch Laundry; 2201 Plymouth Ave. N.; 1256 Penn Ave. N.; 1620 Central Ave. NE; and Walker Parking Ramp; and,
3. Apply to the Hennepin County Environmental Response Fund for Heritage Park; Despatch Laundry; Queen Campus; Cecil Newman; The Homewood Apartments; 1822 Park; 2101 Washington St. NE; 2309 Plymouth Ave. N.; and Children's Environmental Health; and,
4. Forward this report to the MCDA Board of Commissioners.

MCDA Board Recommendation: Approve the attached resolutions authorizing the Interim Executive Director or other appropriate staff to execute agreements to implement the Metropolitan Council Livable Communities Tax Base Revitalization Account grant program, Minnesota Department of Trade and Economic Development Contamination Clean Up and Investigation Grant Program, and Hennepin County Environmental Response Fund. Summary publication of the resolutions is recommended.

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing application to the Metropolitan Council Tax Base Revitalization Account for various projects.

Whereas, the City of Minneapolis (the "City") was a participant in the Livable Communities Act's Housing Incentives Program for 2001-2002 as determined by the Metropolitan Council, and is therefore eligible to make application for funds under the Tax Base Revitalization Account; and

Whereas, the City has designated the Minneapolis Community Development Agency (MCDA) to apply on behalf of the City to the Tax Base Revitalization Account; and

Whereas, the MCDA has identified the following clean-up projects within the City that meet the Tax Base Revitalization Account's purposes and criteria: Parcel D (West) – Phase 3; Heritage Park Phases 3 and 4; SEMI Phase VII; Despatch Laundry; and 2201 Plymouth Avenue N.; and,

Whereas, the MCDA intends to act as the legal sponsor for one or more of the above-referenced projects, which are more completely described in the Tax Base Revitalization Account grant applications to be submitted to the Metropolitan Council on May 1, 2003; and

Whereas, the MCDA has the institutional, managerial and financial capability to ensure adequate project administration; and

Whereas, upon approval of one or more of its applications, the MCDA may enter into agreements with the Metropolitan Council for one or more of the above-reference projects and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved By The Board of Commissioners of the Minneapolis Community Development Agency:

That the MCDA Board of Commissioners authorizes the Executive Director to apply on behalf of the City of Minneapolis to the Metropolitan Council for Tax Base Revitalization Account funding for one or more of the above-referenced projects and to execute such agreements as are necessary to implement the projects.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting		Abs - Absent		Ovrd - Vote to Override		Sust - Vote to Sustain							

ADOPTED

Chairperson

APPROVED

Mayor

NOT APPROVED

VETOED

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing application to the Minnesota Department of Trade and Economic Development Contamination Cleanup Grant Program for various projects.

Whereas, the Minneapolis Community Development Agency (MCDA) intends to act as the legal sponsor for one or more of the following projects that are more completely described in the contamination clean up applications to be submitted to the Minnesota Department of Trade and Economic Development (DTED) on May 1, 2003: Heritage Park; SEMI Phase VII; Despatch Laundry; 2201 Plymouth Ave. N.; 1256 Penn Ave. N.; 1620 Central Ave. NE; and Walker Parking Ramp; and

Whereas, the MCDA has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; and

Whereas, the sources and amounts of the local match identified in the applications are committed to the identified projects; and

Whereas, the MCDA has not violated any federal, state or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, upon approval of one or more of its applications, the MCDA may enter into agreements with the DTED for one or more of the above-referenced projects and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved By The Board of Commissioners of the Minneapolis Community Development Agency:

That the MCDA Board of Commissioners authorizes the Executive Director to apply to the Department of Trade and Economic Development for Contamination Clean Up Grant Program funding for one or more of the above-referenced projects and to execute such agreements as are necessary to implement the projects.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____.

Chairperson

APPROVED _____
NOT APPROVED _____
VETOED _____ Mayor

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing application to the Hennepin County Environmental Response Fund for various projects.

Whereas, the Minneapolis Community Development Agency (MCDA) intends to act as the legal sponsor for one or more of the following projects that are more completely described in the Environmental Response Fund applications to be submitted to Hennepin County on May 1, 2003: Heritage Park; Despatch Laundry; Queen Campus; Cecil Newman; The Homewood Apartments; 1822 Park; 2101 Washington St. NE; 2309 Plymouth Ave. N.; and Children's Environmental Health; and,

Whereas, the MCDA has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; and

Whereas, the MCDA has not violated any federal, state or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, upon approval of one or more of its applications, the MCDA may enter into agreements with Hennepin County for one or more of the above-referenced projects and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved By The Board of Commissioners of the Minneapolis Community Development Agency:

That the MCDA Board of Commissioners authorizes the Executive Director to apply to the Hennepin County Environmental Response Fund for funding for one or more of the above-referenced projects and to execute such agreements as are necessary to implement the projects.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman, chair						
Niziolek													
Vote: NV - Not Voting			Abs - Absent		Ovrd - Vote to Override			Sust - Vote to Sustain					

ADOPTED

_____.

_____Chairperson

APPROVED

NOT APPROVED

VETOED

_____.

_____Mayor